

## **What next for unions in Central and Eastern Europe? Invisibility, departure and the transformation of industrial relations**

Korkut, Umut; De Ruytrier, Alex; Maganaris, Manos; Bailey, David

*Published in:*  
European Journal of Industrial Relations

*DOI:*  
[10.1177/0959680116677141](https://doi.org/10.1177/0959680116677141)

*Publication date:*  
2017

*Document Version*  
Author accepted manuscript

[Link to publication in ResearchOnline](#)

*Citation for published version (Harvard):*  
Korkut, U, De Ruytrier, A, Maganaris, M & Bailey, D 2017, 'What next for unions in Central and Eastern Europe? Invisibility, departure and the transformation of industrial relations', *European Journal of Industrial Relations*, vol. 23, no. 1, pp. 65-80. <https://doi.org/10.1177/0959680116677141>

### **General rights**

Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

### **Take down policy**

If you believe that this document breaches copyright please view our takedown policy at <https://edshare.gcu.ac.uk/id/eprint/5179> for details of how to contact us.

# **What is next for workers in EU's periphery? Invisibility, Departure and the Transformation of Industrial Relations**

Umut Korkut, Alex de Ruyter, Manos Maganaris and David Bailey

## **Abstract**

This article examines how the global economic crisis and the transformation of industrial relations have affected workers in EU's peripheral states, focussing on two case studies: Hungary and Latvia. In effect, trade unions not only have to cope with decreasing number of members, but also faced the need to respond austerity programmes and retrenchment of the public sector by the incumbent governments. In this respect, the shrinking capacity of trade unions to manifest alternative policies has been explained by shrinking membership bases, weakened social dialogue mechanisms, as well as limited industrial representation, and an ageing membership profile, that is – “geriatrification” within trade unions. However, this article presents diverging trends in two cases, in terms of how unions respond to geriatrification.

Corresponding author: Alex de Ruyter.

Glasgow Caledonian University, Cowcaddens Road, Glasgow G4 0BA, United Kingdom.

Email [Alex.deRuyter@gcu.ac.uk](mailto:Alex.deRuyter@gcu.ac.uk)

Keywords: trade unions, geriatrification, industrial relations, labour market, migration

## **Introduction**

Amidst the global economic crisis and transformation of industrial relations, trade unions face hard choices regarding how to offer benefits for workers in Central and Eastern European (CEE) states. Further weakening of the organisational links that unite workers and resulting invisibility of workers' issues and inter-EU emigration have combined to incur a negative impact on industrial relations in the countries concerned. Fundamental economic transformation after EU membership, convergence with monetary union, and recent austerity measures enacted as a result of the Euro-crisis suggest that the economic efficiency and competitiveness-oriented Europeanisation agenda has prevailed, in turn rendering the policy environment more unfavourable to union revitalisation. Rather than being proactive parties to shape the course of political decisions affecting members, trade unions are sidelined from this process. Along with facing a neoliberal course of transformation in all types of geographies, modalities, and pathways (Brenner, Peck, and Theodore 2009) and emergence of new communication methods, trade unions are also faced with the threat of becoming truly irrelevant for younger workers.

Still, there is a general expectation that unions could be at the vanguard of offering an alternative to the neoliberal model of economic transformation affecting labour relations. East-to-west migration of younger highly qualified workforce has been a rather underemphasised implication of the neoliberal model. According to the Vice-President of the LBAS trade union confederation, Egils Baldzens, Latvia has lost 10 per cent of its workforce - particularly in younger age groups - due to migration (interview in Riga on 12.02.2016). Meanwhile, in Hungary, the government does not publish exact statistics on migration in order not to face the difficult question as to why so many younger Hungarians are leaving their homes to work in the west (interview with Laszlo Kozak, Liga trade union confederation, Budapest on 05.02.2016). Neoliberal institutional lock-in is composed of measures to promote in general maximal capital mobility, to extend capitalist markets into previously de-commodified realms, and to insinuate economic relations from democratic control (Brenner, Peck, and Theodore 2009: 193). The

European project has appended also labour mobility to this framework, which given the wage differentials between Eastern and Western member states has implied a brain drain from East to West.

As such, this article examines why trade unions appear to lack the capability to present any alternative policies amidst the unfolding of events that have gripped particularly the working classes. As unions have become less attractive to workers as vehicles for collective action, expressions of social unrest have shifted to social media, impromptu demonstrations, and have become rather individualised (Mrozowicki, Pulignano, and van Hootegeem 2010) – aside from rare instances of collectively organised protests. Moreover, whilst vigorous endorsement of economic “shock-therapy” and privatisation has limited union influence since the transition to capitalism in CEE states (Ost, 2002; 2009), the situation now being faced is one of a unique incidence of trade unions becoming truly irrelevant in debates of how workers fare amidst economic and political transformation. This is not due to any work environment improvement to the advantage of workers, but rather because of the enhanced ability of other political forces, namely the radical and populist right, to respond to feelings of vulnerability amongst workers more convincingly.

To delineate this context, this article explores factors characteristic of recent economic and social transformation in CEE states that have impacted on industrial relations, utilising Hungary and Latvia as case studies. The importance of industrial relations, in the words of the Hungarian trade union expert András Tóth, is that “they represent the future of Europe” (interview in Budapest, 4.02.2016). The authors depict the current positions of trade unions facing economic and social transformation, and examine whether they have the capacity to respond to the effects of emigration for industrial relations. Of particular interest is their capacities to maintain stability in membership numbers. The immediate effect of these two processes is that a process of “geriatrification” in trade unions is taking place. However, these two processes could also be a result of geriatrification, that is, union cadres’ losing touch with

everyday issues that affect a younger workforce more commonly, such as contractual problems, underpayment, the appealing option of outward migration (exit) that the EU Single Market has enabled, and general equality issues. Geriatrification, in the end, is a process that curtails the natural handover of trade union activism from the older generation to the younger cohorts (interview with György Károly, international relations expert, MASZSZ Trade Union Confederation, Budapest, 09.02.2016).. It is a long-term impact of the lack of internal union democracy that previously Baccaro (2001) and Korkut (2007) have elaborated on.

However, the Latvian and Hungarian case studies diverge from each other in terms of how unions have first acknowledged and responded to migration and second how they have attempted to maintain membership. In this way, whilst the Latvian experience has been one of utilising managerialist approaches and recruiting expertise for communication and interest representation, the Hungarian union movement faces fundamental structural troubles and a trade union leadership oblivious to workers' issues. In this picture, in Hungary, the incumbent trade union elite that has occupied presidential positions for decades talks down expertise. In Latvia, however, younger experts can reach decision-making positions for networking and communication, although they do not necessarily come from working class backgrounds. The discussion that follows briefly indicates operationalisation of these assumptions in order to discuss how they affect trade unions' capacity to engage in industrial relations within crisis contexts in EU's semi-periphery.

### **Transforming the state: the impact on trade unions**

Illusions about capitalism were widespread in CEE states upon the collapse of the Soviet system during 1989-1991. Workers did not realise that the transition to a market economy would entail a radical drop in their living standards, intensification of work and chronic job insecurity. In the region, the idea of rapid, systematic change had been discursively packaged as a quick 'entry into Europe'. Hence, this became the legitimating discourse for the transformation towards

capitalism under an avowedly neo-liberal agenda which has been characterised by increased labour market precariousness, with privatisation, unemployment, social differentiation and the impoverishment of large sections of the population (Gowan 1995: 53).

Skipping the chance of becoming strong non-state actors, unions in the region not only did not pursue opportunities for the democratisation of industrial relations but also lost ties with their members and general organisational skills in order to effectively present themselves as interest organisations solely for their members. Hence, unions found it difficult to pursue working class interests aggressively and opted instead for participation in the newly created and at times weak tripartite set-ups. During the final stages of the EU accession negotiations, national governments as well as the EU sidelined them as interlocutors that could affect the shape of new Europe in the making (Korkut 2002; 2007). Hence, unions in CEE countries have faced considerable challenges arising from the transition to capitalism and subsequent membership of the EU. Krzywdzinski (2010: 278) highlights that these challenges can be considered in terms of five particular aspects: bargaining systems that are “decentralized and conflict-oriented”; low collective bargaining coverage; limited union access to businesses; “high inter-union competition”; and “restricted access to political systems” (ibid.).

In both Hungary and Latvia, trade union membership/density is low by international standards, at 11.6% of total employment in Latvia during 2010 - or just over 100,000 employees in 2012 (ETUI, 2015); and 12% in Hungary during 2009. During the interviews at both countries, trade union confederation representatives confirmed these numbers. This in turn concealed significant variations in both countries. In Latvia this ranged from 0% in mining and quarrying, to 12.4% in manufacturing and utilities during 2010 (ILO, 2015x), but with unions remaining stronger in the public sector (ETUI, 2015). Similarly, in Hungary 2.4% was reported in construction during 2009, in contrast to 20% reported in health and social care. In both countries, what appears to affect the unionisation rate is whether workers can see any immediate returns for their membership fees. At the plant level, the nature of relationship that union representatives and

employers established also appears to affect workers' interest in joining the union. Evidence from interview data suggests that foreign multinationals establish these relations better than national firms (interview with Balázs Kovács, Budapest, 08.02.2016).

One can also add to these challenges the potential impact of emigration on trade unions. Hundreds of thousands of workers left their countries following accession, and migrated to EU member states willing to take them, such as Ireland, the UK, and Scandinavia. In some sectors, entire occupational groups were leaving on such a massive scale that serious supply shortages ensued in their home countries, such as in the health sector in Estonia and Latvia, and of skilled labour in the industrial and construction sector generally. In Hungary, the negative impacts of migration can be seen in health care and the IT sector. Though dated, the 2012 *Manpower Survey* indicated that 35 per cent of those companies interviewed reported labour force shortages as an issue. Furthermore, in Hungary, research published by the Demographic Institute of the Central Statistics Office (2013) showed that 7.4% of those in the age group of 14-49 (around 335,000 people) have moved abroad for a longer period of time. This explains increasing applications for tax numbers in the Western Europe by Hungarian nationals (Tóth 2013: 7). However, in comparison to Latvian nationals, Hungarian nationals are relatively new migrant workers in the West.

The article also examines the migration-related issue of a loss of members or potential members as young people seek employment abroad. Whilst empirical evidence suggests that the intense post-EU-enlargement labour migration from CEE states has had a considerable impact on unions in the sending countries, trade unions seem to diverge regarding their propositions. Latvian trade unions seemed to be more cognisant of the impact of emigration on their members (interviews at LBAS confederation and federations, Riga, 10-11.02.2016) in comparison to their Hungarian counterparts. Hungarian unions were either oblivious (interview at MASZSZ confederation in Budapest on 7 February 2016) or were otherwise impotent to offer any solutions (interview at Liga Trade Union Confederation on 3 February 2016) to the effects of emigration on

their membership. However, migration could have offered unions an opportunity to strengthen their bargaining positions, as it generated labour shortages and, in consequence, an upward pressure on wages.

Eventually, the departure of workers alters labour force composition, which translates into a direct effect of migration on unions in terms of changes in union membership and density rates. This effect largely depends on the socio-demographic profile of migrants. If migrants belong to groups with a low propensity to unionise, as the expert on youth affairs in MASZSZ trade union confederation indicated (interview in Budapest, 10.02.2016), (e.g., the un(der)employed, unskilled, young or students), migration might not produce losses in the current union membership, and hence might not change the membership base. It could even produce an increase in union density in the short run if migrant workers are not replaced by immigrants from other countries (an unlikely trend given the current anti-immigrant stance of the current politics). If, however, migrants belong to groups with high propensity to unionise (i.e., skilled workers or professionals, and middle-aged or older, employed in the public sector), unions could expect losses of current (and potential) membership, and hence decreasing density rates. This also means losses in institutional resources and unions' capacities for action, and as a consequence less potential for seizing opportunities from indirect migration effects. At interviews, the Latvian unionists resonated this notion more distinctively than their Hungarian peers.

This article argues that migration is yet another nail in trade unions' coffin in their trajectory of "becoming irrelevant". Particular responses from trade unions to offer solutions for this general trajectory have been well-evidenced in the literature. Mrozowski et al. (2010: 223) argue for the critical role of workers' agency for the purposes of trade union revitalisation. In this respect, coalition-building with social movements and improving social representation are essential to promote union revitalisation (Murray and Waddington 2005; Pulignano 2009). Before the new EU member states felt the full brunt of emigration, Meardi (2007) documented a range of new union practices across the region involving "the resurgent 'voice' from below, through



strikes, organising campaigns, informal collective protests and collective bargaining innovations”. Yet, there is a general concern amongst trade union officials interviewed that workers might not follow their lead even if they call for strikes (interviews in Riga and Budapest 4-11.02.2016). Following on, Mrozowski et al. (2010: 236) illustrated the critical role that workers’ agencies can play to this extent in the shape of efficient representation of economic interests in the workplace to attract new members to trade unions. In contrast, Ost (2009) proposed that trade union revitalisation in CEE can lead to ‘aristocratic unionism’. In this sense, Ost’s (2009: 13) prognosis is that “labour is likely to remain weak, with a few stronger unions emerging that are more elitist, male, “producerist,” and less class oriented”. One can add managerialism to Ost’s (2009) reflections as well.

However, it is less clear as to what extent unions are able to engage with revitalisation strategies and whether these can bring positive or negative outcomes as the competing claims above attest. Underpinning these debates is a more fundamental question as to the role of unions, whether in accordance with the Marxist tradition, they are vehicles to promote class struggle and replace capitalism, or whether they are vehicles operating in a pluralist set-up of accommodation with capitalism. These standpoints influence union attitudes towards engagement with the state and wider society. This article proposes that the demographic makeup of unions and their degree of appeal to younger workers are at the heart of these concerns, but there is a lack of literature exploring these issues. Accordingly, this article seeks to assess these alternative claims through case studies on trade unions in Hungary and Latvia. In the following sections, the authors provide first the methodology that substantiates the article before elaborating on contextual information on each country under the guidance of interviews carried in Hungary and Latvia in February 2016.

## **Methods and Data sources**

The article adopted a mix of primary and secondary data sources. With respect to primary

data, the main method of data collection consisted of semi-structured interviews. At the outset it should be emphasised that statistical data from the Latvian case was more accurate than the Hungarian case. This is first and foremost due to the centralised trade union confederation structure in Latvia, organised around one recognised union confederation LBAS (Free Trade Union Confederation of Latvia) and the fragmented structure of trade union confederations and federations in Hungary (around 5 at the time of writing) ensuing the emergence of MASZSZ (Hungarian Trade Union Confederation) composed of the previous Autónom and MSZOSZ confederations. It was also apparent that Hungarian union confederations encountered difficulties in simply collecting data from their union members. In all 5 interviews held at various levels in LIGA and MASZSZ confederations, the interviewees raised attention to this issue. Therefore, data from Hungary will reflect on what was reported to the authors as a rough estimate by the respondents and will be supported by the available secondary data. In contrast, the 4 interviewees in Latvia at LBAS confederation and affiliated unions such as those in the communications, building, and education sectors were more precise with information.

Semi-structured interviews were conducted to explore the following issues. First, the authors asked whether respondents could describe the age structure of their membership and whether this had changed over time. Clearly, this question was to test the relevance of the assumption that trade unions are facing the issue of geriatrification due to emigration and their failure to evolve into appealing voices for the younger workforce in general. With the exception of the teachers' trade union in Latvia, none of the respondents provided an exact figure on this. The construction union in Latvia noted that they had exact figures, but were reluctant to share them. The communication workers' union however could state the numbers but did not provide exact figures. As noted above, in Hungary these figures are inaccessible even for the confederations. The only respondent in Hungary who could state the actual number was Balázs Kovács, the leader of the Vasas Mercedes Benz Manufacturing Trade Union. As he lead a union based at the plant, it was evident that he would have the exact figures. Nonetheless, he also stated

that the confederations in Hungary did not know the exact figures neither on membership numbers nor characteristics, given then overall disinclination of unions to convey this information above.

Second, was what methods unions used to communicate with their members. This question was based on the authors' assumption that social media such as Facebook and blogs would replace the traditional means of communication such as meetings and congress as well as newsletters. On this point, it became apparent that trade unions tended to shift to using new communication tools in so much as managerialism became operative in trade unions. Moreover, the intention here was to see whether the use of new media tools could affect the attraction of new workers as members. In brief, hereby one could note that social media can work as a tool of communication to an extent that the members have a desk-oriented work environment. However, in manufacturing and service industries (particularly retail) newsletters were still very effective. Finally, here the authors also came across altruistic activities such as charity events as tools for increasing the visibility of unions and hence attracting new members. The following sections explore the impact of these different strategies, whilst testing this back to the fundamental theoretical issue of whether unions as either interest groups to accommodate capitalism or social movements for reform.

The organisational structure of trade unions in Hungary and Latvia was also explored. The intention here was to examine if senior positions were more accessible to younger workers. As elaborated further below, this also related to unions' recognition of the danger that geriatrification posed for their membership as well as shift towards managerialism for their day-to-day operations.

Finally, the authors explored the impacts of emigration on membership and whether unions had any strategies to deal with this issue. As explained above, Latvian statistics were more accurate than Hungarian statistics. When it came to strategies, however, what mattered was whether unions could attract the attention of the political parties to this issue. In Latvia, LBAS

has been more vocal on this issue thanks to its emphasis on low salaries in the country. The Hungarian confederations, however, are sidelined on this issue due to the general lack of communication between the Fidesz government and workers' organisations. It looks as if both the unions and the government are oblivious to the issue of emigration. As discussed in the following sections, this supports the assumption that Hungary and Latvia would diverge based on their histories of emigration.

## **Hungary**

Following EU membership, a neo-liberal course of reform turned into an all-encompassing truth, facilitating and legitimising economic reform policies in Hungary with the primary goal of Eurozone accession. When the economic crisis in 2008 put Hungary's national debt-to-GDP ratio at highest level in the developed world, it exacerbated the neo-liberal tone of transformation. The primary impacts were that of wage cuts and unemployment hitting the previously safer sectors such as the public sector (Cseres-Gergely; Kátay, and Szörfi 2013). In November 2008, Hungary had to use an emergency loan of around 20 billion euro from IMF to avoid insolvency as the global financial crisis gripped its markets. As a response to the financial crisis, a technocratic government took office in April 2009, replacing the left-liberal coalition, and introduced radical fiscal reform to reduce the country's large public debt. This political and economic quandary prepared ripe conditions for the neo-conservative Fidesz government led by Viktor Orbán winning at 2010 election.

Under the Fidesz regime, a voluntarist economic system took hold that supported a patriotic economic policy appealing to the hearts of the Hungarian nation, to national interests and sovereignty, and the defense of families and Hungarian people. In the end, ad hoc economic decisions at an unqualifiedly low level of economic legislation set the rules. The new economic rules have no regard for the economic aptitude of the country, global economic changes, the requirements of international and national economic collaboration, rule of law, harmonization of

stability and accountability, fiscal, monetary, and income policy, the interests of economic actors, the social impacts of economic decisions, and future outcomes (Békesi 2014). Voszka (2014) indicates that Orbán neither accepts a neo-liberal nor a welfare state and he aspires to choose another route. This suggests a neo-liberal/ultra-liberal turn in tax and social policy while remaining paternalist in the issue of decreasing utility costs, i.e., energy, water charges for families. It aspires aggressively to spread the state ownership over the economy.

This nature of economic governance affected trade unions. The Fidesz government initiated an economic transformation to tackle the two inherent problems of the Hungarian economy, that is, high debt and high unemployment. It pursued low wages as a branding strategy to attract foreign investment in manufacturing in Hungary with the slogan “the Hungarian labour force is well qualified and cost effective, which increases the country’s international competitiveness” (<http://hipa.hu/en/why-hungary/business-environment/company-foundation-human-capital/last> accessed on 02.03.2016). The Hungarian minimum wage is far below the norm for minimum wages in EU-15, and in order to comply with fiscal deficit targets, the public sector was forced to set back wage costs strongly (around 25%) though the private sector did not diminish too extensively when compared to their pre-crisis levels (Cseres-Gergely; Kátay, and Szörfi 2013).

At the same time, the Fidesz government downsized social dialogue and eliminated the national tripartism. Orbán’s position since the mid-1990s has been that trade unions belong to the past. Its approach to social dialogue has also been that it should operate as a mechanism to “carry out what the government has already decided” (interview with György Károly) following a majoritarian democracy whose legitimacy rests on traditional family values, religion, spirituality and patriotism (Ladányi and Szelényi 2014) rather than dialogue with social partners. Hence, while there are merely two structures whereby triartism co-opt workers, i.e., the National Occupational Health Committee and National ILO Committee, they operate as showcases for the international community and follow “dialogue but not negotiation (interview with György

Károly).

In the absence of social dialogue, trade unions cannot present any tangible benefits to their members (interviews at Liga and MASZSZ trade union confederations, 04-10.02.2016, Budapest). Therefore, gaining visibility is the most important issue for trade unions. According to György Károly (MASZSZ), at the factory level, the benefits of union membership are more visible, given that everyone knows who is the negotiator and what they have achieved. Also, he indicated that unions suffer from accessing to public and private media sources to illustrate what they do. In order to see if this was the case, the authors approached the Vasas MBMH plant union leader Balázs Kovács. This was a particularly young trade union with an average age in the mid-30s and a unionisation rate above 50% in the plant (out of around 2000 workers). According to Kovács, they owed their success primarily to their employer's involvement, and the recognition that unions were important for communicating with their employees.

With regards to diversification of their communication tools towards social media, for Kovács, it was not the tools of communication that mattered but rather the services that they provided. The provision of discount cards for shopping was one of their services. However, their continuous investment in community-building through organising family days, Christmas and Easter events, and assisting with funerals and housing (in the instance of two homeless workers) made them more visible. They also operate Facebook and Internet pages. They have around 400 members for their Facebook page, but at the time of writing their Internet page was blank. Considering Kovács's success at the factory level, the authors enquired why he would not aim to work at a more senior (i.e., confederation) level. Kovács responded that the means to do so were blocked even if he were to wish for more active role at the confederation. However, in a different confederation, the communications expert László Kozák indicated that the heads of the factory unions preferred to remain where they were simply because then they could remain key figures and run their own estates (04.02.2016, Budapest).

One can explain this with the old guard occupying the decision-making roles within the

confederations. Korkut (2005) depicted how trade unions carried out internal decision making in Hungary earlier. Essentially, the heads of federations and confederations interviewed for that study more than 15 years ago were still occupying the same posts in Hungary. They were actually the main obstacles for younger workers to join and become involved, and were out of touch with the requirements of new communication technologies such as providing smart phones to their communication officers to follow up with e-mails (interview at KASZ retail workers federation 09.02.2016, Budapest). In addition, they did not train and prepare the younger generations for leadership positions. “Younger generations can only come to leadership positions with fighting” but they lack leadership qualities without training (interview with György Károly).

In this environment, trade unions struggled with becoming visible and attractive to younger workers. In Hungary, as traditional tools of interest representation have become blocked, unions tended to shift more towards charity acts and social responsibility events such as anti-racism flash mobs or pancake days to help the local hospital. However, these activities did not differ much from local Rotary Clubs as an example. The communication officers both at the confederation and the KASZ federation (interviews in Budapest 09.02.2016) complained that it was extremely difficult to develop activities that would attract younger workers. In the retail sector, people did not have time after working hours for trade union activities. At the factory level, Kovács also complained about the general individualism that gripped the younger people. Their activities have been successful to maintain links with their members. However, those activities are also for families and do not necessarily attract individuals. At the Liga confederation, László Kozák (expert interview 04.02.2016, Budapest) complained that the working hours were organised in such a way that there was no time left not only for trade union activities but also general socialisation where people can discuss issues of common interest.

Finally, the rough number of members below the age of 35 is 33% of 100,000 members in total. However, out of them only 30 members took part in union activities. Liga had an average membership age of 45 according to László Kozák, and due to their very decentralised structure he

was not even sure that the federations were communicating their activities to their members. This was unlike in the west where unions are more centralised and can easily communicate to individual members (interview 04.02.2016, Budapest).

In Hungary, immigration did not become an immediate exit option for workers until after the global financial crisis hit the country. According to Hárs (2009), this was due to Germany and Austria, the main destination countries for Hungarians, having taken a strict line on maintaining control over their labor markets from the beginning of the enlargement negotiations. Even within the UK labor market, the share of Hungarians among the workers from Central and East European states remained low and did not show a notable increase in the first few years after enlargement until 2007. However, post-crisis, emigration has become increasingly evident by younger workers. A 2013 survey suggested that 25% of respondents aged 18-39 expressed the intention to obtain long-term work abroad, with a further 23% desiring short-term work abroad. From 2012 to 2013 the number of Hungarians living in Germany increased by 26%, which is one of the highest growth, following that of the migrants from Romania and Syria (Borbély and Neumann 2014).

Hungarian statistics demonstrate that younger workers as a percentage of the active population have significantly decreased. Between 1998 and 2010 the activity rate of 15-19 year olds decreased from 15% to 3.7%, and the activity rate of the 20-24 year olds from 60.6% to 44.8%, meanwhile the activity rate of 25-29 years old increased from 72.8% to 77.2%. Hungary has one of the lowest employment rates in the EU (in 2013 for persons aged 15-64 it was 59% and the EU-28 was 64%) and this is even more accentuated in the case of the youth. The employment rate in 2013 for persons aged 15-24 was 19.7% (in case of EU27 it was 32.6%) and for persons aged 25-29 was 68.8% (in case of EU27, it was 71.9%). There is also an increasing share of precarious jobs, especially for young and low skilled. Fixed term employment in Hungary is not frequent (less than 10% of all labor contracts are fixed-term), but their proportion is much higher in the case of young people (around 25%). The share of unemployed young



people increased as a result of the crisis from 2008 onward. The improvement in Hungarian economy, so far, has been partly due to large scale public work and outward migration.

In Hungary, the economic crisis made unions smaller and membership more short term. With the exception of the campaign entitled “Saving the National Social Insurance System” by the Liga Trade Union Confederations, campaigns were rare (interview with Péter Fiedler, LIGA, available at <http://fpif.org/trade-unionists-hungary-keep-keep-jaws-austerity-closing/>)

## **Latvia**

In contrast, Latvia, as a former constituent republic of the Soviet Union, faced the additional challenge of becoming a nation state as well as democratising and embracing market reforms (Bohle, 2010). However, in common with other CEE states, the most prescient feature of transformation has been the process of privatisation under the auspices of a neo-liberal regime with strong nationalist overtones that has promoted macroeconomic “stability” and hence tight control over government spending (ibid.). This resulted in emergent new regimes being given unprecedented opportunities to expropriate the gains of privatisation, to which EU entry only increased pressures for flexibilisation and informalisation of the Latvian economy (Likic-Brboric et al., 2013). Latvia was the first country in the CEE region to implement severe welfare state “reforms” (Bohle, 2010: 5). However, the social costs involved in these transformations were legitimised through the construction of an identity politics so as to “instill tolerance for social hardship”. It was notable that respondents commented in this regard that they only communicated to members in Latvian (and not Russian). In this context, the burden of welfare reform has fallen disproportionately on Latvia’s large Russian-speaking minority (ibid.). EU membership and access to transnational finance, as well as strong domestic wage growth aided by outward migration ameliorated the worst effects of these policies for the majority.

However the downturn in 2008 exposed the fragility of these arrangements and social discontent amongst the Latvian majority has increased since the onset of the financial crisis

(Bohle, 2010). The Latvian government was forced to take out an IMF loan of 1.7 billion euros in December 2008, which was accompanied by a structural adjustment programme noted by Bohle (2010: 11) as having been “tough even by IMF standards”. By 2010 the consequent austerity measures had seen a fall in government spending of 12% compared to 2008 levels (Kallaste and Woolfson, 2013: 257). As such, the labour market situation for Latvian workers deteriorated, with the total number of employees having fallen by over 17%, peaking at 946,800 in 2008 to 782,400 in 2014 (Latvijas Statistika, 2015). The public sector has been a particular focus of cutbacks, with a 20% fall in employment during 2010 alone (Kallaste and Woolfson, 2013: 258). Conversely, the number of officially unemployed rose from 88,500 in 2008 to a peak of 205,000 in 2010, before falling to 107,600 by 2014. This suggests that for those made unemployed, recovery since the crisis has been insufficient to restore previous employment levels. As such, unemployment for many appeared to be a route to labour market exit, with the number of hidden unemployed (here defined as those individuals who were economically inactive due to the belief that no work was available) having increased sharply in the immediate aftermath of the crisis; more than doubling between 2008 and 2009 (ibid.).

Another consequence of a stagnant labour market has been increased outward migration. The number of individuals emigrating from Latvia increased significantly after 2008, with net migration having remained negative for the post-crisis period. An examination of employees by age group suggests that younger workers are most likely to emigrate, with Latvijas Statistika data suggesting that those aged 15-24 have experienced the greatest proportionate falls in employment, and an increase in the share of those aged 55-64 and 45-54 (ibid.). This finding was reinforced by a 2007 study of 8,005 Latvian residents during 2006 by Krišjāne et al. (cited in Eglīte and Krišjāne, 2009: 275-6), which found that 16.6% of respondents aged 20-29 and 15.4% of those aged 30-39 had worked abroad, as opposed to 12.4% of those aged 40-49 and 8.5% of those aged 50-59. Younger workers were also more likely to be high-skilled and it is notable in this context that of those in the survey who had worked abroad, 30.9% had a tertiary

qualification, as opposed to 21.1% of those who did not (ibid. 277). Turning to destination countries, those most often mentioned were within the EU, particularly the UK and Ireland (ibid. 275). Such individuals were primarily motivated to move by higher wages, although “gaining experience” and improving language skills were also cited (ibid. 277).

Whilst there have been attempts to establish some system of tripartite arrangements, to the extent that these have functioned, they have merely served to legitimise austerity measures, and social dialogue remains “biased towards the government” with minimal input from unions (Kallaste and Woolfson, 2013: 260). This view was reiterated by respondents, with the VP of LIZDA for example commenting that despite the recent election, the expectation was that a centre-right coalition would continue (interview, Feb 11 2016). A union can be established with a minimum of 50 members (ETUI, 2015) and as at February 2015, there were 218 unions registered in Latvia, with 199 of these listed as “active”<sup>1</sup>. As such, union membership has fallen dramatically since the collapse of communism; from over 275,000 members in Latvia in 1995 (ibid.). There is currently only one union confederation in Latvia, the LBAS (*Latvijas Brīvo Arodbiedrību Savienība*)<sup>2</sup>, which in turn represents 20 individual affiliated unions, the largest being the LIZDA (*Latvijas Izglītības un Zinātnes Darbinieku Arodbiedrības*)<sup>3</sup> in the science and education sectors (approx. 30,000 members), the LDzSA (*Latvijas Dzelzceļnieku un Satiksmes Nozares Arodbiedrība*)<sup>4</sup> in railways and transport (approx. 13,000 members), the LVSADA (*Latvijas Veselības un Sociālās Aprūpes Darbinieku Arodbiedrība*)<sup>5</sup> in health and social care (approx. 12,000 members), and the LAKRS (*Latvijas Sabiedrisko pakalpojumu un Transporta Darbinieku Arodbiedrība*)<sup>6</sup> for those working in transport and public services (approx. 7,000 members) in 2012 (ibid.).

---

<sup>1</sup> <http://www.ur.gov.lv/?a=1104> accessed May 14<sup>th</sup> 2015.

<sup>2</sup> <http://www.lbas.lv/lbas?locale=en> accessed May 5<sup>th</sup> 2015.

<sup>3</sup> <http://www.lizda.lv/en> accessed May 5<sup>th</sup> 2015.

<sup>4</sup> <http://ldzsa.lv/eng/sakums/> accessed May 5<sup>th</sup> 2015.

<sup>5</sup> <http://www.who.int/hrh/migration/code/Latvia.pdf> accessed May 5<sup>th</sup> 2015.

<sup>6</sup> <http://lakrs.lv/> accessed May 5<sup>th</sup> 2015.

In considering the nature of union revitalisation, it was apparent from the interviews that the union that had been most successful in this regard was the LIZDA education union. The union had made a conscious effort to engage with younger workers, through the establishment of a "young teachers council" and the appointment of a vice-president (aged 28 at the time of writing) who had a background in public relations. His view of union effectiveness was grounded in the notion that a union was an enterprise (albeit a "social enterprise") that was competing for members and thus had to provide an efficient service: "if you look at unions as a social enterprise, then you need the management functions - operations, marketing and so on. A more professional approach, as the members are more and more asking that if they pay for your salary, then what can they get for that?" (interview, Feb 11 2016). In this context, as with the Hungarian case, unions would pitch to prospective members in terms of the benefits they could offer, for example, store discount cards, legal services, free software downloads, or even the establishment of an insurance fund to cover members against accidents.

Related to this, as mentioned, was that all the representatives interviewed recognised the importance of using contemporary communication tools to engage with current members and to recruit new members (although this was more marked for white-collar unions, it was not seen as a panacea, with the respondent from the communications union noting that "face to face" meetings were still the most useful way of establishing dialogue with members). Each of the union representatives mentioned that their union engaged with social media and had a Facebook page, and made regular use of Skype, email and posting information on their websites, and all of the respondents mentioned that they had a dedicated press office - a function they felt was essential to promote their visibility in the national media as being involved in "responsible" social dialogue with employers and the government.

In trying to evaluate the effectiveness of these strategies, what was apparent that whilst unions examined displayed considerable innovativeness in terms of servicing members and trying to recruit new members, external (macro) factors continued to mitigate against any significant

growth. respondents were keen to emphasise that they were "responsible" social partners, but felt that the neoliberal macro-environment mitigated against their appeal, and that the recent thrust of labour law legislation had made the operating environment more hostile, with a government emphasis on the growth of flexible forms of work, such as zero hours contracts (interview, Feb 12 2016). The impact of outward migration continued to be felt, particularly in skilled sectors, with the communications union respondent noting that IT specialists could command "excellent" wages in Norway (interview, Feb 12 2016), whilst the LIZDA representative commented that lack of government support for basic funding of R&D meant that scientists continued to be targeted by foreign companies and to seek work abroad.

Moreover, in trying to appeal to younger workers, basic difficulties were apparent in that the younger generations had far less semblance of any notion of organising collectively, and merely regarded unions as a fee-for-service provider. In terms of average age of the membership, the telecommunications union reported between 30-40 years of age, but the LBAS respondent commented that the average age of a union member was more likely to be between 40 and 50 years of age. Thus, while the situation of younger workers could be regarded as precarious in terms of job security, there was no recognition of this as such, and it was suggested by respondents they were more short-termist and individualistic in their outlook. The construction union had recognised that pecuniary concerns were paramount for young people and had engaged with students at technical colleges by offering them free membership whilst they were students, as they were seen to be easier to access than by trying to approach workers at building sites directly: "you need to have permission from the employer to enter, and you can imagine that it's not going to be that easy if you state that you want to recruit workers to the union..." (interview, Feb 12 2016).

## **Discussion and Conclusions**

The findings presented in the sections above suggest that unions in Latvia and Hungary have followed different trajectories in terms of responding to the pressures brought about by operating in the single market, adjusting to a dominant neoliberal austerity agenda, and the related phenomenon of labour force emigration to western European countries. Both countries have suffered particularly in the post-crisis period of austerity, with government policies that have favoured market-led reforms but in practice have resulted in continued labour market stagnation. Both countries have also been characterised by the emergence of an identity politics that has sought to shore up societal cohesion in the face of unpopular economic policies by diverting attention to purported external "threats". However, as mentioned, unions have diverged in terms of their responses to these pressures. Evident from the Latvian case was that trade unions have shifted toward managerialism and relying on the appointment of experts to senior positions in order to maintain communication and attract younger members. In contrast, in the Hungarian case unions have preferred to enhance their membership base with social activities out-with general trade union issues. However, the results of these activities for both countries demonstrate that trade unions succeed in maintaining their membership base and attracting younger members only to the extent that they concentrate their activities on appealing to traditional (self-)interest representation issues.

What then, do these findings suggest for a broader agenda of union revitalisation in CEE countries? Arising from the findings of this research then, first, is that unions, rather than being a vehicle for a nascent class struggle, continue to be organisations that operate in a market environment that vie for membership on the basis of whatever "benefits" they can procure for their members. This is compounded by the fact that the unions concerned are relatively limited in terms of their resources to mobilise and recruit members. Second, unions continue to be weakened by an unfavourable labour market environment in CEE countries that has seen prolonged high unemployment in the aftermath of the economic crisis, and the related phenomenon of outward labour migration that has been disproportionately represented in younger

and higher-skilled workers. This in turn has contributed to a consequent union "geriatrification". It is possible, of course, that in the current political climate pressures within EU countries will grow to limit the freedom of movement that has contributed to this phenomena (as the incipient UK "Brexit" referendum and associated limit on in-work benefits for EU migrants in the UK attests). However, it remains to be seen what impact, if any, this would have on CEE countries. Apparent, however, is that political developments in CEE countries have continued to favour right-wing populist regimes, that have been ambivalent to the interests of organised labour, at best.

In this context, any notion of union revitalisation can only be considered in terms of a broader alternative agenda to challenge the current neoliberal orthodoxy. For unions in CEE countries in particular, the ability to link up to wider international movements, and exert pressure on national governments, through bodies such as the ILO, and the ETUC, is paramount. In this sense, technology has been an enabler, in allowing for rapid dissemination of information, and enabling groups to come together to protest. However, unions also have a role to play in wider civic society and linking up with other groups that share an anti-austerity platform. In this context, unions need to adjust to the current environment if they are to renew their appeal, especially to younger workers. In Hungary, the tone of recent major demonstrations against the government during Autumn 2014 was in line with new social movements, whose course of action were characterised by as spontaneity, organised via social media, without formal structures, and with abundant use of humour and aesthetics (Az "Orbán takarodj!" már kevés, available at, [http://hvg.hu/itthon/20150526\\_Az\\_Orban\\_takarodj\\_mar\\_keves](http://hvg.hu/itthon/20150526_Az_Orban_takarodj_mar_keves), 26.05.2015). These are all aspects that unions could learn from. Hence, further research should be conducted to examine how unions are responding to this changed landscape.

## References

Baccaro, L. (2001) 'Union Democracy Revisited: Decision-Making Procedures in the Italian Labour Movement', *Economic and Industrial Democracy* 22(2): 183–210.

Benhabib, S. (2004) *The Rights of Others: Aliens, Residents and Citizens*, Cambridge University Press, Cambridge: UK.

Bohle, D. (2010) 'Countries in distress: transformation, transnationalization, and crisis in Hungary and Latvia' accessed on May 14<sup>th</sup> 2015 at [http://www.emecon.eu/fileadmin/articles/1\\_2010/emecon%201\\_2010%20Bohle.pdf](http://www.emecon.eu/fileadmin/articles/1_2010/emecon%201_2010%20Bohle.pdf)

Bohle, D. and Husz, D. (2003) 'Whose Europe is it?' accessed on May 27<sup>th</sup> 2015 at [http://www.epoc.uni-bremen.de/publications/pup2003/files/Budapst\\_Bohle-Husz.PDF](http://www.epoc.uni-bremen.de/publications/pup2003/files/Budapst_Bohle-Husz.PDF)

Bohle, D. and Greskovits, B. (2012) *Capitalist Diversity on Europe's Periphery*, Cornell University Press, Ithaca: USA.

Borbély, S. (2009). 'EU Labour Migration since Enlargement. Trends, Impacts, and Policies' in Galgóczi, B., Leschke, J. and Watt, A. (eds.) *EU Labour Migration in Troubled Times: Skills Mismatch, Return and Policy Responses*, Surrey and Burlington, VT: Ashgate: 253-276.

Borbély, S. and Neumann, L. (2014) 'Younion – union for youth: country report Hungary'. Accessed on July 2<sup>nd</sup> at [http://moodle.adaptland.it/pluginfile.php/20456/mod\\_resource/content/1/02\\_hungary.pdf](http://moodle.adaptland.it/pluginfile.php/20456/mod_resource/content/1/02_hungary.pdf)

Brenner, N., Peck, J. and Theodore, N. (2010) 'Variegated neoliberalization: geographies, modalities, pathways', *Global Networks*, 10 (2): 182-222.

Bruszt, L' (2002), 'Making Markets and Eastern Enlargement: Diverging Convergence?' *West European Politics*, 2: 121-140.

Ebbinghaus, B. and Visser, J. (1999) 'When Institutions Matter: Union Growth and Decline in



Western Europe, 1950–1995’, *European Sociological Review*, 15 (2): 135-158.

Eglīte, P. and Krišjāne, Z. (2009) ‘Dimensions and Effects of Labour Migration to EU Countries: The Case of Latvia’ in Galgóczi, B., Leschke, J. and Watt, A. (eds.) *EU Labour Migration since Enlargement: Trends, Impacts and Policies*, Ashgate: Farnham, England.

Eurofound. (2011) Reform of Pension System Stirs Controversy (September 23, 2011), available at, <http://www.eurofound.europa.eu/ewco/2011/06/HU11060311.htm>.

Cseres-Gergely, Zs., Kátay, G., and Szörfi, B. (2013). “The Hungarian labour market in 2011–2012” in *The Hungarian Labour Market 2013* Fazekas, K., Benczúr, P., and Telegdy, Álmos (eds.), available at, [http://econ.core.hu/file/download/HLM2013/TheHungarianLabourMarket\\_2013\\_onefile.pdf](http://econ.core.hu/file/download/HLM2013/TheHungarianLabourMarket_2013_onefile.pdf): 15-38.

Galgóczi, B., Leschke, J. and Watt, A. (2012) ‘EU labour migration and labour markets in troubled times’ in Galgóczi, B., Leschke, J. and Watt, A. (eds.) *EU Labour Migration in Troubled Times: Skills Mismatch, Return and Policy Responses*, Ashgate e-books.

Gowan, P. (1996) “Eastern Europe, Western Power and Neoliberalism”, *New Left Review*, 1/216: 129–140.

Granovetter, M. (1983) ‘The Strength of Weak Ties: A Network Theory Revisited’, *Sociological Theory*, 1: 201-233.

Hárs, Á. (2009) ‘Dimensions and Effects of Labour Migration to EU Countries: The Case of Hungary’ in Galgóczi, B., Leschke, J. and Watt, A. (eds.) *EU Labour Migration in Troubled Times: Skills Mismatch, Return and Policy Responses*, Surrey and Burlington, VT: Ashgate: 229-

ILO (2015) 'Key labour market indicators: Latvia'. Accessed on April 19<sup>th</sup> 2015 at [http://www.ilo.org/ilostat/faces/help\\_home/data\\_by\\_country/country-details/indicator-](http://www.ilo.org/ilostat/faces/help_home/data_by_country/country-details/indicator-)

Jessop, B. (2013) 'Putting neoliberalism in its time and place: a response to the debate', *Social Anthropology*, 21 (1): 65-74.

Kaczmarczyk, P. and Okólski, M. (2008) 'Demographic and labour-market impacts of migration on Poland', *Oxford Review of Economic Policy*, 24 (3): 599-624.

Kadziauskas, G. (2007) 'Lithuanian Migration: Causes, Impacts and Policy Guidelines' in J. Smith-Bozek (ed.) *Labor Mobility in the European Union: New Members, New Challenges*, Center for European Policy Analysis, Washington DC: USA.

Kallaste, E. and Woolfson, C. (2013) 'Negotiated responses to the crisis in the Baltic countries' *Transfer*, 19 (2): 253–266.

Korkut, U. (2012) 'Liberalization Challenges in Hungary: Elitism, Progressivism and Populism', *Europe in Transition: The NYU European Studies Series*, Palgrave Macmillan.

Korkut, U. (2007). Participatory Policy-Making, Participatory Civil Society: A Key for Dissolving Elite Rule in New Democracies in the Era of Globalization, *World Futures* 63, 5: 340-352

Korkut, U. (2006) 'Entrenched Elitism in Trade Unions in Poland and Romania: An Explanation for the Lack of Union Strength and Success?', *Economic and Industrial Democracy*, Vol. 27(1): 67–104.

Korkut, U. (2005) The Relationship between Democratization and Invigoration of Civil Society: The Case of Hungary and Poland, *East European Quarterly* 39, 2, June: 149-177.

- Korkut, U. (2002). The European Union and the Accession Process in Hungary, Poland and Romania: Is There a Place for Social Dialogue?, *Perspectives on European Politics and Society* 2, 3, September/October: 297-324.
- Krzywdzinski, M. (2010) 'Organizing employees in Central Eastern Europe: The approach of Solidarność', *European Journal of Industrial Relations*, 16 (3): 277–292.
- Lencsés, Károly. (2011) "Nincs megállapodás", *Népszabadság*: 1.
- Latvijas Statistika (2015) 'Employees by type of work contract and sex', accessed on May 6<sup>th</sup> 2015 at [http://data.csb.gov.lv/pxweb/en/Sociala/Sociala\\_ikgad\\_nodarb/NB0180.px/table/tableViewLayout1/?rxid=a79839fe-11ba-4ecd-8cc3-4035692c5fc8](http://data.csb.gov.lv/pxweb/en/Sociala/Sociala_ikgad_nodarb/NB0180.px/table/tableViewLayout1/?rxid=a79839fe-11ba-4ecd-8cc3-4035692c5fc8)
- Likic-Brboric, B., Slavnic, Z. and Woolfson, C. (2013) 'Labour migration and informalisation: East meets West', *International Journal of Sociology and Social Policy*, 33 (11/12): 677-692.
- Meardi, G. (2007) 'More Voice after More Exit? Unstable Industrial Relations in Central and Eastern Europe', *Industrial Relations Journal* 38(6): 503–23.
- Mrozowicki, A., Pulignano, V. and van Hootegetem, G. (2010) 'Worker agency and trade union renewal: The case of Poland', *Work, Employment, and Society* 24(2): 221-240.
- Murray, G. and Waddington, J. (2005) 'Innovations for Union Renewal', *Transfer*, 11(4): 489–95.
- Pulignano, V. (2009) 'International Cooperation, Transnational Restructuring and Virtual Networking in Europe', *European Journal of Industrial Relations* 15(2): 187–205.
- Šrubař, Ilya (2000), 'Neo-liberalism, Post-communist Transformation, and Civil Society' in Suda, Zdeňek and Musil, Jiří (eds.), *The Meaning of Liberalism East and West*, Budapest: Central European University Press: 223-234.

Ost, D. (2002) 'The Weakness of Strong Social Movements: Models of Unionism in the East European Context', *European Journal of Industrial Relations*, 8 (1): 33-51.

Ost, D. (2009) 'The Consequences of Postcommunism: Trade Unions in Eastern Europe's Future', *East European Politics and Societies*, 23(13): 13–33.

Saad-Filho, A. and Johnston, D. (2005) '*Neoliberalism: A Critical Reader*', Pluto Press, London: UK.

Tóth, J. (2013). Project on developing information for migrant workers through transnational trade union cooperation VS/2013/0204 Country Report – Hungary, available at, [http://site94.rootor.com/img/20292/hungary\\_report\\_en.pdf](http://site94.rootor.com/img/20292/hungary_report_en.pdf)

Woolfson, C. and Beck, M. (2004), 'The End of Labour Quiescence? Industrial Unrest in Contemporary Lithuania', *The International Journal of Comparative Labour Law and Industrial Relations*, 20 (2): 227-251.

Young, I.M. (1988). "Five Faces of Oppression", *The Philosophical Forum*, 19 (4): 270–290.

## **Bibliographical note**

Alex de Ruyter is Professor of International HRM and Head of the Department of Law Economics Accountancy and Risk at Glasgow Caledonian University

Umut Korkut is Reader in Political Studies at Glasgow Caledonian University

Manos Maganaris is a Senior Lecturer in International and Comparative Law at Glasgow Caledonian University

David Bailey is Professor of Industry at Aston Business School, Aston University.

